

# State Bar of California, Office of Governmental Affairs

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### SENATE LEADERS REACH ACCORD ON BUDGET PLAN

The “Big Two” legislative leaders in the Senate -- President pro Tem [John Burton](#) (D-San Francisco) and Republican Leader [Jim Brulte](#) (R-Rancho Cucamonga) -- have reached agreement on a state spending plan that would close the state’s massive budget deficit with a combination of borrowing, spending cuts, and tax shifts, but no tax increases (beyond the tripling of the car tax already implemented administratively). The Senate is scheduled to meet in session at 6:00 Sunday evening to vote on the proposal.

The announcement of the deal came hours after Wall Street investment firms downgraded the rating on California securities to BBB, the last point at which offerings are considered “investment grade.” The state’s previous ‘A’ rating was already the lowest of any state in the nation, and the lowest in California history. It is almost certain that the move by Standard & Poors had no connection to the Burton-Brulte agreement.

Details of the budget plan were not available, but the deal reportedly includes the court funding compromise worked out on behalf of the Judicial Council by Senator [Joe Dunn](#) (D-Santa Ana), chair of the Senate Budget Committee subcommittee having oversight over governmental funding issues, and committee vice chair [Dick Ackerman](#) (R-Orange). The agreement includes \$150 million in new fees, but spares the courts the massive funding cutbacks initially imposed.

If the Senate approves the budget deal, it likely will recess for the remainder of the scheduled legislative summer recess until Monday, August 18, leaving it to the Assembly to accept or project the proposal.

The prospects for Assembly approval of the plan may actually have been improved by an incident Monday in which the candid discussion of the “Progressive Caucus” of Assembly Democrats was inadvertently broadcast throughout the Capitol and proximate lobbyist offices. The upshot of the discussion among the 12 lawmakers was that the longer the budget was delayed, the better it would portend for an initiative currently [circulating](#) that would reduce the vote required to pass a budget or tax increase to 55% of each house of the Legislature, thereby eliminating the need to obtain Republican votes.

### RECALL ELECTION SCHEDULED

Secretary of State [Kevin Shelley](#) Wednesday [certified](#) that sufficient signatures (more than \$1.1 million) valid signatures had been collected in the effort to recall Governor Gray Davis to force a special election. And Lieutenant Governor [Cruz Bustamante](#) followed up Thursday with an [announcement](#) that an election would be held October 7 to decide whether the governor should be recalled, and to select a successor if the recall is successful.

The October election would also decide two additional ballot issues -- an [initiative](#) by Ward Connelly to prohibit the collection of racial or ethnic data, and a legislatively-generated measure to permit local bond measures to be approved by a 55% vote of the people.

The decision to combine the recall and successor issues came as a surprise to some, given news reports speculating that Bustamante might defer on the matter, handing the question to an obscure Commission on the Governorship established in the Constitution to determine issues of gubernatorial succession. Private attorneys from the Bay Area reportedly were poised to petition the Supreme Court to intervene on this issue if Bustamante did not.

The Supreme Court Friday declined to halt the recall based on allegations by opponents that the signatures were obtained fraudulently.

### DUTY OF CONFIDENTIALITY LIMITED EXEMPTION BILL CLEARS SENATE

[AB 1101](#), Assembly Member [Darrell Steinberg’s](#) bill to have California join all other U.S. jurisdictions in permitting attorneys to reveal confidential client information where necessary to prevent the death of or serious bodily injury to an individual, was approved by the state Senate Thursday on a 35-1 vote. Senator [Dick Ackerman](#) (R-Orange) was the lone dissenter.

The bill now returns to the Assembly for concurrence in Senate amendments. Those amendments delay the bill’s effective date to July 1, 2004, in order to give a State Bar Advisory Task Force appointed by the Supreme Court time to study and make recommendations for a Rule of Professional Conduct to address professional responsibility issues related to the implementation of the bill.